FIN

The Standard Products Company

Annual Report 1969

What We Do . . .

Every time you enter a car, you use many of our products. Our glass-run channel holds the windows tight and creates a low-friction surface for their easy operation. Our belt weather strip, in which a thick pile is electrostatically flocked onto rubber, seals the bottom edge of the window frame against water, dust and wind noise. On hard-top cars, our roof rail seal serves as a weather barrier between the top of the window and the frame.

Our extruded sponge rubber seal with vinyl trim assures a tight, rattle-free fit of car door against car body. Our urethane foam and vinyl trim is installed on the door frame pillar. You step on our embossed aluminum scuff plates when you enter many cars. Inside the car, the bright silvery trim strips may be made by Standard Products from metallized Mylar, and we're also beginning to make this trim for car exteriors. We make multi-colored decorative emblems that help to make the car interior attractive, and the grain vinyl trim which simulates the look of wood.

Standard Products produces a wide variety of parts such as these to make your car more comfortable and attractive, and seal it against wind and weather, noise and vibration. We also make automobile window assemblies and guides, military tank tracks, building weatherstrips, structural gaskets to hold building windows and panels in place, packaging materials and other products for automotive, military, building and marine use.

The Year at a Glance	1969	1968
Sales	*$76,765,595*	*$63,283,079*
Net Profit	*$ 881,013*	*$ 748,068*
Earnings Per Share	*$ 1.75*	*$ 1.51*
Dividends Declared Per Share	*$ 1.20*	*$ 1.20*
Net Worth	*$11,306,530*	*$10,829,639*
Shares Outstanding at Year End	*503,952*	*496,502*
Book Value Per Share	*$ 22.44*	*$ 21.81*

Letter to Shareholders

Sales for the fiscal year ended June 30, 1969, were $76,765,595 compared to $63,283,079 for fiscal 1968. Earnings were $881,013, or $1.75 per share compared to $748,068 or $1.51 per share a year ago. It was a year of substantial growth and consolidation for the Company — resolving an unanticipated labor dispute at the Cee-Bee plant in Brooklyn, installing our standard cost system and procedures at Campbell Plastics in Schenectady, N. Y., obtaining new Maverick orders at the Reid Division in Cleveland, Ohio, and rebuilding sales at the Georgetown, Ontario, plant. Inclusion of the Cee-Bee group of companies acquired in December of 1967 for all of fiscal 1969 compared with six months of fiscal 1968 accounted for $6,600,000 of the sales increase.

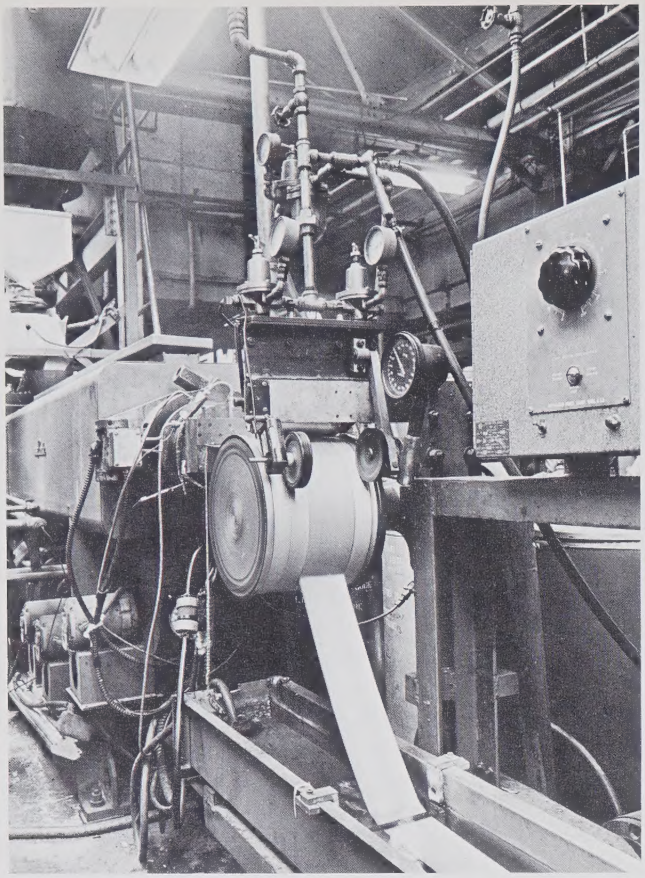
Cee-Bee and Campbell Plastics Move Ahead

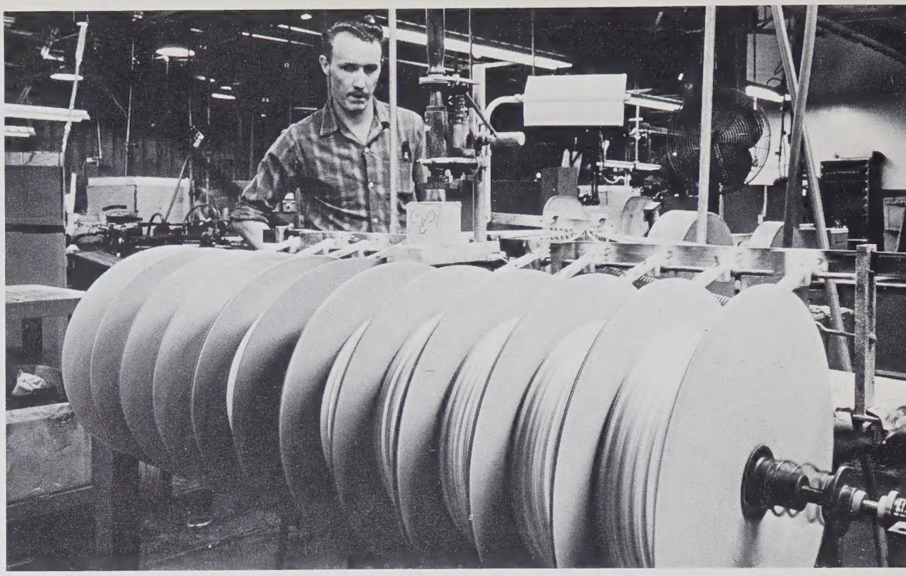
These two companies, part of our acquisition in December, 1967, had a difficult year. A union jurisdictional dispute at Cee-Bee Mfg. Co. in Brooklyn disrupted the operations for almost seven months. The disputes were finally resolved in January, 1969. However, many sales dollars were lost during the strike and some for an indefinite period because of the disruption of customers' assembly lines.

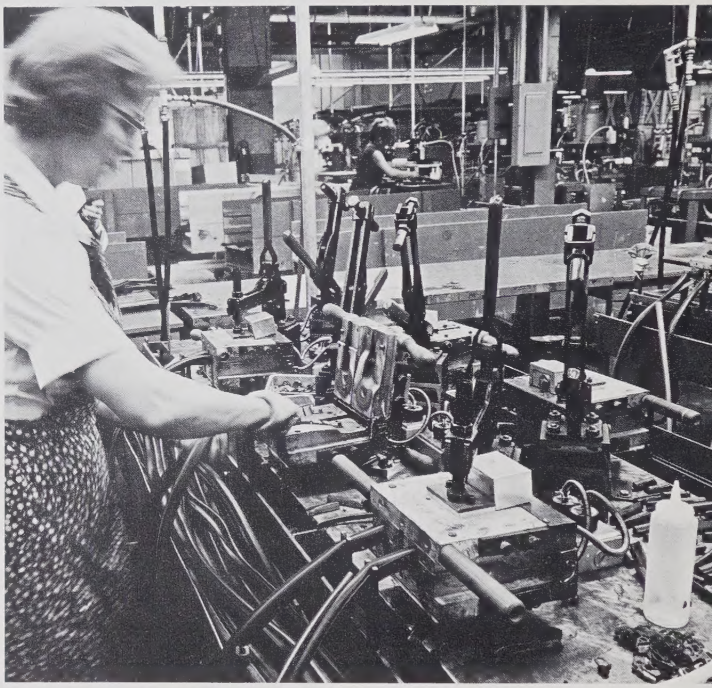
Certain organizational changes were made and people brought in at both companies to strengthen the management. Our standard cost system was installed at Campbell, and this job will be accomplished at Cee-Bee this year. There also was a major consolidation of inventories and equipment in line with practices at our other plants. A major product development and sales effort is well underway and the lost ground should be recovered in time for the 1971 model production.

Maverick Orders Help Last Quarter And New Fiscal Year

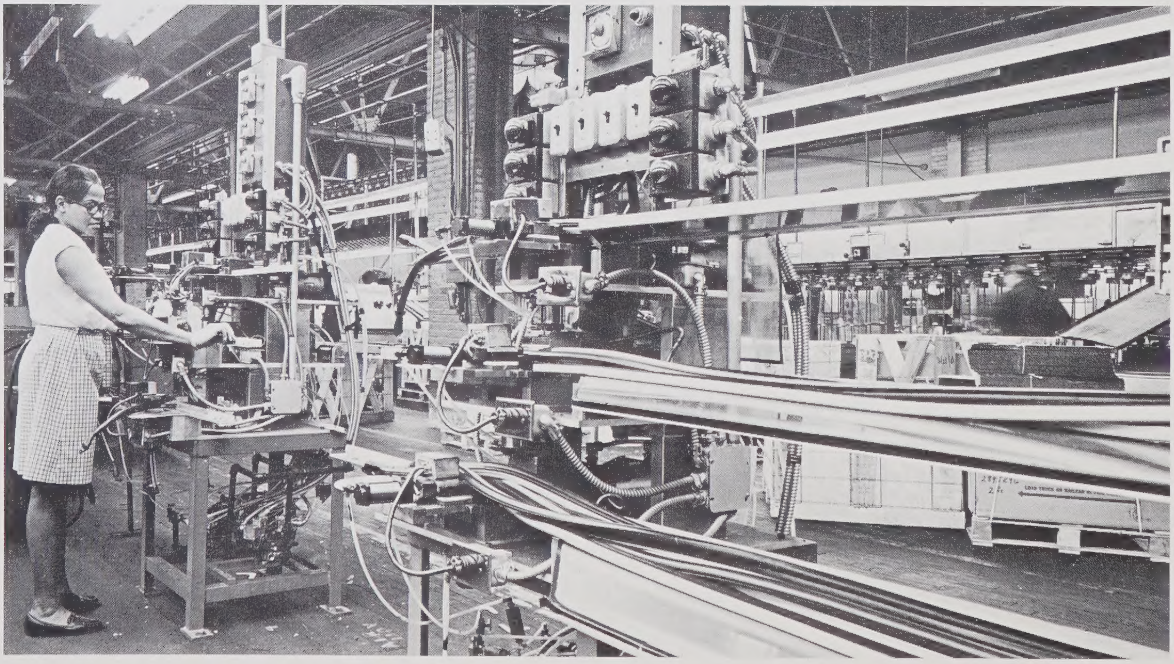
Our Cleveland plant instead of being at low ebb during the annual model changeover in June, July and August, is at a good level of activity — primarily because of production of the door and window seals for the Ford Maverick introduced late this spring, using a new type doorseal combining plastic windlace trim with a sponge rubber doorseal. We manufacture the trim in Cleveland and the sponge in our Canadian plants. This was a large program and



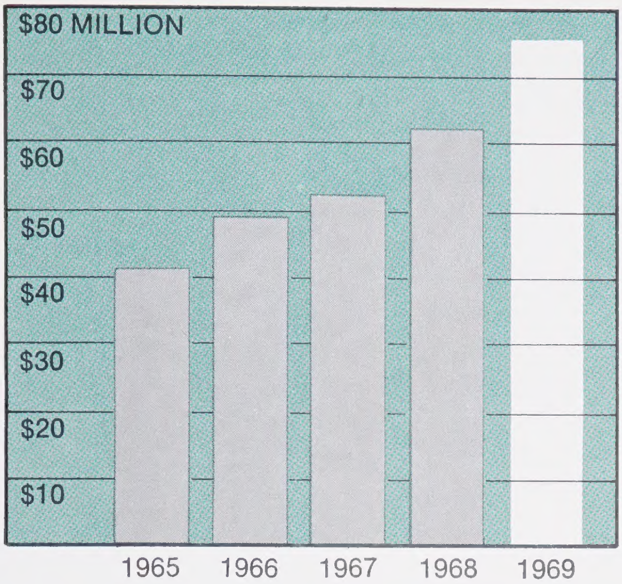




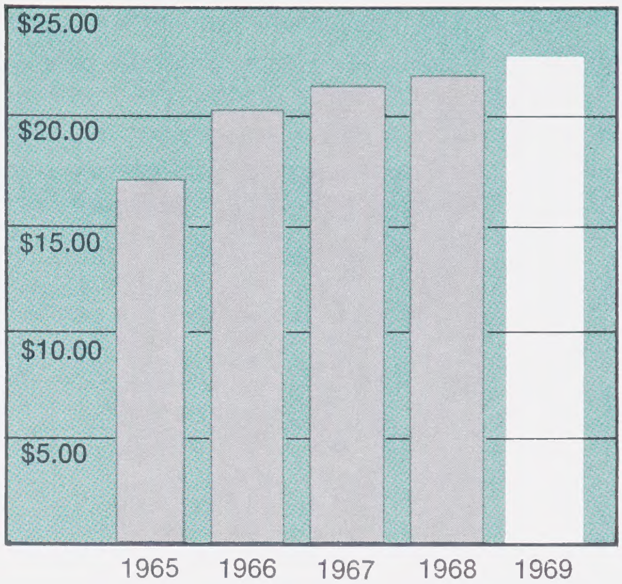
Typical production scenes at Reid Division in Cleveland. Building weatherstrip is slit to size in photo at upper right. Other photos are of work on door and window seals combining vinyl and sponge rubber.



SALES



BOOK VALUE PER SHARE



major changes in plant layout and equipment were required at the Cleveland plant before starting production. The rearrangement and start-up costs occurred in the third and fourth quarters of the fiscal year. Production is now running smoothly and we anticipate increasing use and orders for this type of doorseal.

Standard Products (Canada) Overcomes Setback and Builds Earnings Improvement

The five Canadian plants did much better than expected. A year ago the Georgetown plant was faced with the loss of several million dollars of vent window business resulting from a change in design of the 1969 model cars. In spite of this setback, the company replaced the lost business, cut its costs, increased its efficiency and did almost as well as a year ago. A further increase in sales is on the books for 1970, and the improvement in results should continue. We operate three plants in Stratford, Ontario, one plant in Mitchell, Ontario, and one in Georgetown, Ontario. The Stratford and Mitchell plants, which we acquired three years ago, give us a capacity for extruded sponge rubber manufacturing.

StanLock Structural Gasket Sales To Architectural Market Continue to Grow

Popularity of our StanLock line continues to grow, although volume is still at relatively low levels. These are neoprene rubber gaskets used to install windows and panels in commercial buildings. Standard is the leader in this promising new field, which increases each year as more architects and contractors recognize that the snap-in features of our gaskets cut installation costs and history builds assurance of a high-performance, maintenance-free window seal.

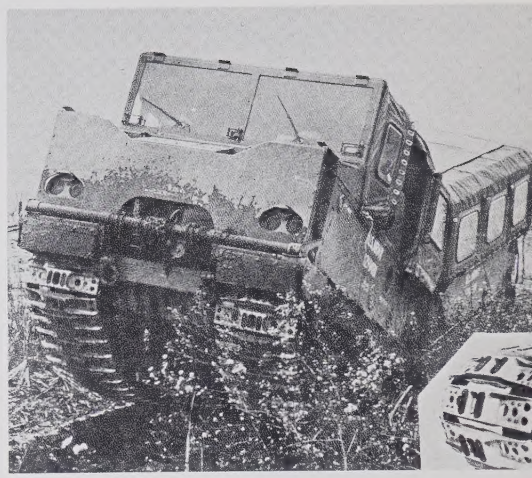
StanLock is going into about 1,000 new buildings a year, including such giants as the One Oliver Plaza office building in Pittsburgh, Pennsylvania, and the Aetna Life Insurance home office building in Hartford, Connecticut.

Military Shipments Improving After Production Delay

Military sales totaled $9,500,000 for the fiscal year compared to $12,500,000 in the preceding year. We had the orders, but production prob-

lems held back shipments. Production is now gaining momentum each month. Our military backlog as of June 30, 1969, was $6,000,000. We are equipped to produce a wide variety of replacement tracks for military vehicles and expect this business to continue at reasonably high levels.

We are also producing tracks for snomobiles, and are working on programs to increase this phase of our business.



Standard Products assembles aluminum track for the new two-unit Dynatrac light cargo and personnel carrier.

New Public Warehouse in Operation

Standard Products entered the public warehousing field in January when we opened a 220,000 square foot leased facility in Dearborn, Michigan. In addition to providing us income from public warehousing, the new warehouse also increases the efficiency of our customer services in Detroit, and provides space for our Sales Offices. The warehouse is already rented to capacity.

Overseas Operations

We have minority equity ownership in Silent Channel Products, Limited, Huntingdon, England, and Hulva, S.A., Mexico City. Both of these companies are thriving and are the major producers of our type of products in their respective countries. We also have licensing arrangements for our major product lines in Australia, Argentina, Spain and Italy.

Pacquet

Cee-Bee's Pacquet Division in Kearny, New Jersey, had a good year with sales of approximately $6,000,000. This plant prints and processes cellophane and polyethylene packaging for the food industry.

Plant Improvement Investment

The Company invested $1,212,010 in new plant, property and equipment during the year. This is the largest amount spent by us for new equipment and modernization of facilities in over ten years. It increased our capacity for pro-

Our new 220,000 square foot public warehouse at Dearborn, Mich., is rented to capacity.

duction of flocked channel and weatherstrip and other products, and kept our plants in a competitive position for high-volume, automated production. We now have adequate capacity for current needs, and our capital expense budget for the current year is expected to be well below that of recent years.

Our StanLock structural gaskets now are being used to install windows and panels in about 1000 commercial buildings a year, such as the new structure shown here. In lower photo, a workman uses one of our special tools to lock a StanLock gasket in position.

Research and Development Continues at Active Pace

Research, engineering and development expenses totaled $976,846 during the year just ended. Our development work in electrostatic flocking, in new snap-on plastic and sponge trims and seals and in architectural gaskets has been responsible for much of our internal growth. We believe work under way in our Central Engineering and Research Division will accelerate this progress in years to come, and we are planning to increase research and development expenditures in the current year.

Cortrol

Cee-Bee's Cortrol Division, located in Dallas, is continuing in its development of systems for applying laminated polyvinyl chloride and polypropylene linings in a variety of applications to prevent corrosion by salt, acids and similar fluids.

Financial Operations

Regular quarterly dividends of 30 cents a share were paid during the past year, for a total of $1.20 a share. Cash dividends have now been paid for 20 consecutive years.

In December, 1968, we filed with the Securities and Exchange Commission a registration statement covering a $4,000,000 issue of convertible subordinated debentures. Because of internal conditions and changes in interest rates and the money market, we later withdrew the registration statement.

We have put a major effort into computerizing our operations. Our data processing center in Cleveland is equipped with a third generation computer and is connected with outlying United States plants by a modern communications network. In addition to processing data for many of the usual accounting requirements, a series of integrated computer programs relating to material procurement and inventory control have helped us keep our inventories and inventory obsolescence at a minimum. A smaller computer operation at our Canadian subsidiary is programmed for similar functions.

Gregory S. McIntosh

With sincere regret, we announce the sudden death of Gregory S. McIntosh in Fort Lauderdale, Florida, on August 8. He was a long-time shareholder and director, and his counsel and advice will be missed.

Outlook Very Good

We are going into the year in a much stronger position than was the case a year ago. Hopefully, the labor disruptions are behind us and we have a high level of sales booked at most plants. We are anticipating a United States car build for the 1970 model year of at least 8,300,000, which is about the same as experienced in the 1969 model year. Production at all plants is proceeding smoothly.

Standard Products today is a larger company than ever before, with outstanding opportunities. Overall, we are optimistic about the outlook for the current year and the future.

Sincerely,

J.S. Reid, Jr.

September 8, 1969

James S. Reid, Jr.

The Standard Products Company and Subsidiary Companies

ASSETS	1969	1968
CURRENT ASSETS:		
Cash	$ 1,733,633	$ 1,625,580
Certificates of deposit	92,500	185,000
Receivables, less reserve of $104,924 in 1969 and $105,000 in 1968	8,336,505	7,041,729
Inventories, at lower of cost (substantially first-in, first-out) or market	7,847,763	7,868,341
Total current assets	$18,010,401	$16,720,650
PROPERTY, PLANT AND EQUIPMENT, at cost (Notes 2 and 7)	$19,368,072	$18,712,187
Less — Accumulated depreciation	8,857,432	8,021,660
	$10,510,640	$10,690,527
OTHER ASSETS:		
Prepaid insurance, taxes, etc.	$ 532,852	$ 375,002
Cash surrender value of officers' life insurance, net of borrowings in 1969 of $556,140 (Note 2)	82,307	598,945
Investment in foreign companies, at cost, and other assets	492,995	545,202
Unamortized cost of tools and dies	170,518	486,290
	$ 1,278,672	$ 2,005,439
PATENTS, PATENT APPLICATIONS, ETC., at cost, net of amortization	$ 1,349,660	$ 1,349,234
	$31,149,373	$30,765,850

The accompanying notes are an integral part of this statement.

Consolidated Balance Sheet June 30, 1969 and 1968

LIABILITIES

	1969	1968
Current Liabilities:		
Short-term notes payable	$ 2,415,650	$ 1,585,000
Current maturities of long-term debt	901,280	882,545
Accounts payable	3,401,281	3,951,387
Accrued payrolls	1,091,343	1,023,088
Taxes, other than on income	423,377	398,086
Other accrued expenses	1,174,619	1,224,469
Dividend payable	151,186	148,951
Federal and Canadian taxes on income	969,699	506,569
Secured note payable to bank (Note 2)	3,630,000	4,000,000
Total current liabilities	$14,158,435	$13,720,095
Accrued Pension Costs (Note 4)	$ 271,656	$ —
Long-Term Debt, net of current maturities (Note 2)	$ 5,112,287	$ 5,895,116
Deferred Federal and Canadian Taxes on Income (Note 9)	$ 300,465	$ 321,000
Shareholders' Equity:		
Convertible preferred shares, par value $1 per share; authorized 100,000 shares, none issued	$ —	$ —
Common shares, par value $1 per share; authorized 1,100,000 shares, outstanding 503,952 and 496,502 shares, respectively (Notes 1 and 5)	503,952	496,502
Paid-in surplus	1,303,759	1,112,389
Retained earnings (Notes 2 and 6)	9,498,819	9,220,748
	$11,306,530	$10,829,639
	$31,149,373	$30,765,850

The accompanying notes are an integral part of this statement.

Consolidated Statement of Income

For the Fiscal Years Ended June 30, 1969 and 1968

	1969	*1968*
Net Sales	$76,765,595	$63,283,079
Cost of Goods Sold:		
Materials, wages and other manufacturing costs	$70,181,750	$57,224,353
Research, engineering and development expenses	976,846	1,181,390
	$71,158,596	$58,405,743
Gross income	$ 5,606,999	$ 4,877,336
Selling, General and Administrative Expenses	3,435,067	3,224,681
Operating income (after deducting $1,477,235 in 1969 and $1,110,474 in 1968 for depreciation and amortization)	$ 2,171,932	$ 1,652,655
Other Income (Deductions):		
Royalty and dividend income	$ 194,566	$ 184,666
Interest expense, net	(908,993)	(579,253)
Other, net	214,508	—
	$ (499,919)	$ (394,587)
Income Before Federal and Canadian Taxes on Income	$ 1,672,013	$ 1,258,068
Federal and Canadian Taxes on Income (Note 9)	791,000	510,000
Net Income	$ 881,013	$ 748,068
Net Income Per Common and Common Equivalent Share (Note 8)	$1.75	$1.51

The accompanying notes are an integral part of this statement.

Consolidated Statements of Retained Earnings and Paid-In Surplus

For the Fiscal Years Ended June 30, 1969 and 1968

RETAINED EARNINGS	*1969*	*1968*
Balance, Beginning of Year	$ 9,220,748	$ 9,068,123
Net Income	881,013	748,068
Cash Dividends ($1.20 per share in 1969 and 1968)	(602,942)	(595,443)
Balance, End of Year	$ 9,498,819	$ 9,220,748

PAID-IN SURPLUS	*1969*	*1968*
Balance, Beginning of Year	$ 1,112,389	$ 1,068,107
Add:		
Proceeds in excess of par value of common shares issued in connection with stock options (Note 5)	43,470	19,282
Proceeds in excess of par value of common shares issued in connection with warrants (Note 5)	147,900	—
Fair market value of warrants issued in connection with the acquisition of Cee-Bee Manufacturing Company, Inc.	—	25,000
Balance, End of Year	$ 1,303,759	$ 1,112,389

The accompanying notes are an integral part of these statements.

Consolidated Statement of Funds Provided and Applied
For the Fiscal Year Ended June 30, 1969

Funds Provided:	
Net income	$ 881,013
Provision for depreciation and amortization	1,477,235
Funds from operations	$2,358,248
Borrowings secured by cash surrender value of officers' life insurance	556,140
Retirements and sales of property, plant and equipment	130,352
Proceeds from sale of common stock	198,820
Pension costs accrued, not funded	271,656
Total funds provided	$3,515,216
Funds Applied:	
Additions to property, plant and equipment	$1,212,010
Payments on long-term debt, net of change in current maturities	782,829
Cash dividends declared	602,942
Other, net	66,024
Total funds applied	$2,663,805
Increase in working capital	$ 851,411

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements June 30, 1969

(1) Principles of Consolidation and Acquisitions:

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Major intercompany items have been eliminated. The accounts of the Canadian subsidiary are included in the accompanying consolidated financial statements on the basis of equivalent U. S. dollars at a current exchange rate of 92.5.

The Company, in December, 1967, acquired all the outstanding stock of Cee-Bee Manufacturing Company, Inc. and Campbell Plastics Corp. and affiliated companies for a total purchase price and related expenses totaling $5,975,800, including warrants to purchase 50,000 common shares. The acquisition was unanimously approved by the Directors of the Company, but it was not submitted to the shareholders of the Company for approval, since counsel for the Company advised that under Ohio law and the Company's Articles of Incorporation, shareholder approval of the transaction was not required. However, the American Stock Exchange, as a condition of approval of the Company's application for listing of the shares to be issued

NOTES (Continued)

upon exercise of the warrants which were delivered as part consideration for the stock acquired, has required approval of the transaction by the vote of a majority of the Company's common shares. This matter is to be submitted to shareholders for their approval at the Company's annual meeting. In the event shareholders do not ratify this transaction, the Company believes it will be necessary to renegotiate with the sellers with respect to consideration received by them upon the sale of their stock to the Company.

The results of operations of these businesses are included in the accompanying consolidated financial statements since their dates of acquisition.

(2) Long-Term Debt:

Long-term debt at June 30, 1969 and 1968, consisted of:

	1969	1968
5½% Notes payable to banks	$1,256,615	$1,656,615
6% Secured serial debentures	1,425,240	1,603,395
5% Serial subordinated notes payable in ten annual installments of $200,000 each, beginning in 1968	1,800,000	2,000,000
Mortgage notes payable and other	1,265,917	1,345,726
Lease/purchase obligations	265,795	171,925
	$6,013,567	$6,777,661
Less — Current maturities	901,280	882,545
	$5,112,287	$5,895,116

The terms of the loan agreement for the 5½% notes payable to banks provide, among other things, that the Company will (a) maintain an excess of nonconsolidated current assets over current liabilities, as defined (after excluding therefrom the $3,630,000 secured note payable), of $5,300,000, and (b) limit payments for dividends and acquisition of capital stock of the Company to $400,000 plus nonconsolidated net earnings subsequent to June 30, 1965. At June 30, 1969, the excess of nonconsolidated current assets over current liabilities, as defined, was approximately $5,300,000 and retained earnings not restricted for cash dividends and acquisition of capital stock was approximately $2,818,000. The notes are payable in semiannual installments of $200,000 each, plus an amount equal to 50% of consolidated earnings in excess of $1,000,000 for each fiscal year.

The 6% secured serial debentures are secured by a floating charge (security interest) on all the assets of the Canadian subsidiary. The total assets of the Canadian subsidiary included in the accompanying consolidated balance sheet at June 30, 1969, amount to approximately $4,568,000 (U. S.). Under the terms of the debentures, the Canadian subsidiary has agreed, among other things, that without written consent it will not pay or declare any cash dividends to its parent. The debentures are payable in annual installments of $178,155 to 1977, plus an amount equal to 50% of the subsidiary's annual net earnings in excess of $500,000 (Canadian).

The mortgage notes payable bear interest from 3¾% to 7% and are secured by first and second mortgage deeds to land and buildings with a net book value as of June 30, 1969, of approximately $1,742,000. These notes require annual payments of $146,040, including interest, and mature on various dates to 1982.

During 1969, the Company borrowed $556,140 from various insurance companies and pledged as collateral for such borrowings the cash surrender value of officers' life insurance. The amount of the borrowings has been netted against the cash surrender value in the accompanying consolidated financial statements since it is the Company's intention to utilize the proceeds of such insurance policies to repay the loans.

(3) Leases:

The Company leases certain of its manufacturing and warehouse facilities under agreements requiring annual rental payments of approximately $350,000 through 1970, and reduced amounts thereafter. Total commitments under the terms of these leases are approximately $4,400,000 at June 30, 1969.

(4) Pension Plans:

The Company and its subsidiaries have several pension plans covering substantially all of their hourly and salaried employees. Certain of these plans were amended in 1968-1969 with resulting increase in pension costs. Total pension costs charged to operations were $893,000 in 1969 and $601,000 in 1968, including amortization of past and prior service costs over thirty-year periods from the date such costs were established. At June 30, 1969, for the plans in which the actuarial value of vested benefits exceeded the assets of such pension funds, such excess amounted to approximately $2,568,000.

In 1969, the Company changed its method of funding for certain plans to fund only the minimum amounts required in accordance with Internal Revenue regulations. As a result of this change, $271,656 of pension costs incurred in the current year are reflected as a long-term liability.

(5) Stock Options and Warrants:

Under a stock option plan adopted in 1958, and amended in 1966, options covering 13,800 unissued common shares were outstanding at June 30, 1969. During 1969, 2,350 shares were purchased at prices ranging from $12.35 to $22.00 per share pursuant to options granted under this plan, and options covering 1,700 shares were canceled. This plan expired September 30, 1966, and no further options may be granted thereunder.

In September, 1967, the shareholders approved a new stock option plan which reserved 30,000 unissued common shares for the granting of options thereunder. This plan provides that options shall be granted for not less than the fair market value at the date of grant and shall be exercisable in annual installments of not more than 40% each, beginning one year and ending five years after the date of the grant. During 1969, options to purchase 18,700 shares at $22.50 per share were granted and no options were exercised under this plan. At June 30, 1969, options to purchase 19,700 shares were outstanding.

In connection with the acquisition of Cee-Bee Manufacturing Company, Inc. and affiliated companies during fiscal year 1968, the Company issued warrants to purchase an aggregate of 50,000 common shares at a price of $30.00 per share until December 20, 1969, and at ascending amounts thereafter. During 1969, warrants were exercised to purchase 5,100 shares at $30.00 per share. If not exercised, the remaining warrants expire to the extent of 5,000 shares per year until December, 1977.

(6) Contingent Liabilities:

The Company is defendant in a lawsuit brought by a distribution and jobbing firm claiming breach of an alleged contract. In the opinion of the Company's counsel, the claim is without merit and the resulting liability, if any, would not be material.

(7) Property, Plant and Equipment:

Property, plant and equipment at June 30, 1969 and 1968, consisted of the following:

	June 30, 1969	June 30, 1968
Land	$ 440,623	$ 449,186
Land improvements	139,462	129,738
Buildings and leasehold improvements	5,567,653	5,263,068
Machinery and equipment	12,409,188	12,173,799
Furniture and fixtures	570,035	541,237
Transportation equipment	66,264	53,977
Construction in process	174,847	101,182
	$19,368,072	$18,712,187
Less — Accumulated depreciation	8,857,432	8,021,660
	$10,510,640	$10,690,527

For financial reporting purposes, the Company provides for depreciation of property and equipment by using straight-line and sum-of-the-years-digits methods at annual rates based on the estimated service lives of the property. For income tax purposes, after July 1, 1961, the Company has adopted a method of accelerated depreciation on machinery and equipment and furniture and fixtures; the resultant deferral of income taxes has been recorded in the financial statements under "Deferred Federal and Canadian Taxes on Income."

(8) Net Income per Common and Common Equivalent Share:

Net income per common and common equivalent share is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during the periods. For purposes of this computation outstanding stock options have been considered as common equivalent shares and assumed to be exercised with the resulting proceeds utilized to purchase treasury stock.

(9) Federal and Canadian Taxes on Income:

Income tax expense differs from amounts currently payable due to certain expenses reported in the income statement in periods which differ from those in which they are subject to taxation. The principal differences in timing between the income statement and taxable income involve the use of accelerated depreciation methods for tax purposes and pension costs accrued but not deducted for tax purposes. The deferred taxes resulting from such timing differences are reflected in the deferred taxes. Taxes estimated to be currently payable in 1969 amount to approximately $878,000 and the net effect of timing differences is approximately $87,000.

Auditors' Report

To the Shareholders and the Board of Directors,

The Standard Products Company:

We have examined the consolidated balance sheet of THE STANDARD PRODUCTS COMPANY (an Ohio corporation) AND SUBSIDIARY COMPANIES as of June 30, 1969, and the related consolidated statements of income, retained earnings, paid-in surplus and funds provided and applied for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We were unable to obtain confirmation of certain trade receivables; however, we have applied other auditing procedures with respect to such receivables. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income, retained earnings, paid-in surplus and funds provided and applied present fairly the financial position of The Standard Products Company and Subsidiary Companies as of June 30, 1969, and the results of their operations and the funds provided and applied for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

Cleveland, Ohio,
August 4, 1969.

Arthur Andersen & Co.

TEN YEAR SUMMARY OF THE STANDARD PRODUCTS COMPANY

Year Ended June 30	*1969*	*1968*	*1967*	*1966*	*1965*
Income Statement Data					
Sales	$76,766,000	$63,283,000	$53,824,000	$49,469,000	$42,739,000
Earnings	$ 881,000	$ 748,000	$ 1,287,000	$ 1,934,000	$ 486,000
Cash Dividends	$ 603,000	$ 595,000	$ 594,000	$ 469,000	$ 469,000
Earnings Retained	$ 278,000	$ 153,000	$ 693,000	$ 1,465,000	$ 17,000
Depreciation and Amortization	$ 1,477,000	$ 1,110,000	$ 795,000	$ 595,000	$ 564,000
Balance Sheet Data					
Working Capital	$ 3,852,000	$ 3,001,000	$ 6,855,000	$ 7,043,000	$ 9,134,000
Net Worth	$11,307,000	$10,830,000	$10,631,000	$ 9,929,000	$13,466,000
Long-Term Debt	$ 5,112,000	$ 5,895,000	$ 3,260,000	$ 2,200,000	——
Additions to Property, Plant and Equipment	$ 1,212,000	$ 1,148,000	$ 928,000	$ 1,190,000	$ 785,000
Property, Plant and Equipment (Gross)	$19,368,000	$18,712,000	$12,631,000	$10,080,000	$ 9,024,000
Other Data					
Shares Outstanding Year End	503,952	496,502	495,152	494,452	780,997
Earnings per Share*	$ 1.75	$ 1.51	$ 2.60	$ 3.61	$ .62
Dividends per Share	$ 1.20	$ 1.20	$ 1.20	$ .95	$ .60
Book Value per Share	$ 22.44	$ 21.81	$ 21.47	$ 20.08	$ 17.24
Return on Sales (%)	1.1	1.2	2.4	3.9	1.1
Return on Average Net Worth (%)	8.1	7.1	12.6	18.9	3.6

**Based on weighted average shares outstanding.*

1964	1963	1962	1961	1960
$40,862,000	$36,451,000	$37,564,000	$38,361,000	$39,419,000
$ 1,330,000	$ 1,254,000	$ 859,000	$ (116,000)	$ 464,000
$ 623,000	$ 541,000	$ 308,000	$ 191,000	$ 459,000
$ 707,000	$ 713,000	$ 551,000	$ (307,000)	$ 5,000
$ 581,000	$ 540,000	$ 723,000	$ 794,000	$ 688,000
$ 9,278,000	$ 8,312,000	$ 7,674,000	$ 7,738,000	$ 8,204,000
$13,425,000	$12,680,000	$11,922,000	$11,325,000	$11,610,000
——	——	——	$ 1,800,000	$ 2,400,000
$ 934,000	$ 705,000	$ 686,000	$ 584,000	$ 724,000
$ 8,698,000	$ 8,864,000	$ 8,363,000	$ 9,416,000	$ 9,309,000
778,697	774,797	770,047	765,447	762,947
$ 1.71	$ 1.62	$ 1.12	$ (.15)	$ .61
$ .80	$ .70	$ .40	$ .25	$ .60
$ 17.24	$ 16.37	$ 15.48	$ 14.80	$ 15.22
3.3	3.4	2.3	——	1.2
10.2	10.2	7.4	——	4.0

OFFICERS

JAMES S. REID, *Chairman of the Board*
JAMES S. REID, JR., *President*
W. H. THOURLBY, *Senior Vice President-Sales*
L. S. LARSON, *Vice President-Finance and Treasurer*
WILBER C. NORDSTROM, *Vice President-Manufacturing*
CHARLES BROOKS, *Vice President, The Standard Products Company and President, Cee-Bee Manufacturing Co., Inc.*
JACK BROOKS, *Vice President*
WILLIAM T. BARBER, *Vice President-Sales*
CHARLES T. GUE, *Vice President-Industrial Relations*
JOHN D. DRINKO, *Secretary*
DONALD W. SPEAKS, *Corporate Controller*

DIRECTORS

CHARLES BROOKS, *Vice President, The Standard Products Company and President, Cee-Bee Manufacturing Co., Inc.*
JOHN D. DRINKO, *Secretary*
D. S. HARDER, *Director, One William Street Fund, Inc.*
L. S. LARSON, *Vice President-Finance and Treasurer*
GREGORY S. McINTOSH*, *President, McIntosh & Co.*
ROBERT L. MUNGER, JR., *Vice President Wilson, McBride & Company, Cleveland*
WILBER C. NORDSTROM, *Vice President-Manufacturing*
JAMES S. REID, *Chairman of the Board*
JAMES S. REID, JR., *President*
W. H. THOURLBY, *Senior Vice President-Sales*
HERBERT B. TRIX, *Retired Chairman of the Board, W. M. Chace Co., Detroit*

*Deceased, Aug. 8, 1969

TRANSFER AGENTS

Central National Bank of Cleveland, *Cleveland, Ohio*
The Chase Manhattan Bank, *New York, New York*

REGISTRARS

National City Bank of Cleveland, *Cleveland, Ohio*
Chemical Bank New York Trust Co., *New York, New York*

COUNSEL

Baker, Hostetler & Patterson, *Cleveland, Ohio*

AUDITORS

Arthur Andersen & Co., *Cleveland, Ohio*

FACILITIES

EXECUTIVE OFFICES
2130 West 110th Street, Cleveland, Ohio 44102

SALES OFFICES and WESTBORN WAREHOUSE, INC.
2401 South Gulley Road, Dearborn, Michigan 48124

ENGINEERING AND RESEARCH
2160 Halstead Avenue, Cleveland, Ohio 44107

PLANTS
Port Clinton and Cleveland, Ohio; Lexington, Kentucky; Gaylord, Michigan; Brooklyn and Schenectady, New York; Kearny, New Jersey; Georgetown, Stratford and Mitchell, Ontario, Canada.

The Standard Products Company/2130 West 110th Street/Cleveland, Ohio 44102